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ACTION EAP-00

INFO LOG-00 NP-00 ACQ-00 CIAE-00 COME-00 DODE-00 DOTE-00
DS-00 EB-00 E-00 FAAE-00 FBIE-00 UTED-00 VC-00
TEDE-00 INR-00 LAB-01 L-00 VCE-00 NSAE-00 OES-01
STR-00 TEST-00 TRSE-00 DSCC-00 DRL-02 NFAT-00 SAS-00
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FM AMCONSUL HO CHI MINH CITY
TO SECSTATE WASHDC 5722
INFO AMEMBASSY HANOI

UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 001314

SIPDIS

DEPARTMENT FOR EAP/BCLTV (LANGLAND/THORIN)

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [PREL](#) [PGOV](#) [VM](#)

SUBJECT: CG'S INITIAL MEETING WITH HCMC PLANNING AND INVESTMENT DEPARTMENT

1. SUMMARY: CG YAMAUCHI, ACCOMPANIED BY DPO AND POLOFF, PAID A NOVEMBER 20 COURTESY CALL ON MR. TIN HUU NGUYEN, ACTING DIRECTOR OF THE HCMC DEPARTMENT OF PLANNING AND INVESTMENT (DPI). TIN STATED THAT THE BILATERAL TRADE AGREEMENT (BTA) WOULD INCREASE ECONOMIC GROWTH IN HCMC. TIN VOWED DPI WOULD STRIVE TO ENSURE VIETNAMESE BUSINESSES CAN SUCCESSFULLY COMPETE IN U.S. MARKETS. HE IS EQUALLY COMMITTED TO MAKING SURE AMERICAN INVESTORS AND
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BUSINESSES IN VIETNAM FACE LESS BUREAUCRACY AND MORE OPENNESS.
END SUMMARY.

2. AFTER WELCOMING CG TO VIETNAM, TIN PROVIDED A BRIEF OVERVIEW OF BUSINESS ACTIVITY IN HCMC. CITING HMCO'S PROMISING DOUBLE-DIGIT ECONOMIC GROWTH RATE IN THE EARLY 1990S, TIN ADMITTED THAT THE REGIONAL ECONOMIC CRISIS HAD TAKEN ITS TOLL -- THE CITY'S ECONOMIC GROWTH RATE IS NOW BELOW 10%. TIN, HOWEVER, PAINTED AN OPTIMISTIC PICTURE OF ECONOMIC GROWTH IN THE CITY: HCMC HAS INVESTORS FROM 42 NATIONS; U.S. INVESTORS ARE AMONG THE TOP FOREIGN INVESTORS; AND FOREIGN DIRECT INVESTMENT (FDI) CONTINUES TO CONTRIBUTE SIGNIFICANTLY TO ECONOMIC GROWTH. TIN ADDED THAT DPI WILL CONTINUE TO PROMOTE POLICIES TO ENSURE AN EVEN ECONOMIC PLAYING FIELD EXISTS BETWEEN STATE-OWNED ENTERPRISES (SOWS), THE PRIVATE SECTOR, AND FOREIGN-INVESTED ENTERPRISES, BUT DID NOT ELABORATE UPON THE MECHANISMS DPI WOULD EMPLOY.

3. TIN WELCOMED RATIFICATION OF THE BTA. AS BUSINESS COOPERATION PROGRESSED, HE SAID, BOTH THE U.S. AND VIETNAM WOULD BENEFIT. CITING THE RESPONSIBILITY OF GOVERNMENT TO CREATE FAVORABLE CONDITIONS, TIN STATED THAT DPI WAS CONCERNED WITH HOW BEST TO HELP VIETNAMESE BUSINESSES PENETRATE THE AMERICAN MARKET, SPECIFICALLY CITING A NEED FOR VIETNAMESE BUSINESSES TO BETTER UNDERSTAND U.S. BUSINESS LAWS.

4. PURSUING TIN'S STATEMENT THAT VIETNAMESE BUSINESSES REQUIRED MORE EDUCATION, THE CG INQUIRED WHETHER VIETNAMESE GOVERNMENTAL AGENCIES AND BUSINESSES POSSESSED SUFFICIENT ACCESS TO THE SUBSTANTIVE DETAILS OF THE BTA. TIN RESPONDED THAT DPI IS NOT RESPONSIBLE FOR EDUCATING THE BUSINESS COMMUNITY ABOUT THE BTA'S DETAILS--THAT RESPONSIBILITY RESTS WITH THE DEPARTMENT OF TRADE
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AND INVESTMENT AND THE NEWLY-RENAMED INVESTMENT AND TRADE PROMOTION CENTER (ITPC). WHEN CG ASKED WHETHER POST COULD PROVIDE INFORMATION TO HELP DPI ASSIST BOTH U.S. AND VIETNAMESE BUSINESSES, TIN STATED THAT HE LOOKED FORWARD TO A COOPERATIVE RELATIONSHIP AND STATED THAT DPI WAS WORKING ON A LIST OF PROJECTS THAT WOULD EDUCATE VIETNAMESE BUSINESSES AND ENCOURAGE FOREIGN INVESTORS. HE LOOKED FORWARD TO CG'S COOPERATION IN THE FUTURE AND SAID HE WOULD PROVIDE MORE SPECIFIC PROPOSALS ON AREAS FOR COOPERATION AT A LATER DATE.

5. SHIFTING GEARS, CG ASKED HOW IMPLEMENTATION OF DIRECTIVE 28 -- A RECENTLY PASSED ADMINISTRATIVE REFORM -- WAS PROGRESSING. TIN STATED THAT ALL VIETNAMESE AGENCIES WELCOMED DIRECTIVE 28, BECAUSE IT AIMS TO REDUCE THE BUREAUCRACY FACED BY FOREIGN INVESTORS. ACCORDING TO TIN, THE DIRECTIVE REQUIRES DPI TO PROVIDE FOREIGN INVESTORS WITH INFORMATION ABOUT LAND AVAILABLE FOR RENT IN HCMC, AND TO REDUCE THE AMOUNT OF TIME IT TAKES FOR FOREIGNERS TO RECEIVE PERMITS TO SET UP BUSINESSES. WHEN QUESTIONED, TIN

ACKNOWLEDGED THE DPI WOULD NOT RECEIVE ADDITIONAL STAFF/RESOURCES TO ACCOMPLISH ITS NEW ACCELERATED ROLE AS A SERVICE PROVIDER. HE SAID DPI - AND OTHER CITY DEPARTMENTS -- WOULD INSTEAD RESTRUCTURE THEMSELVES AND OFFER A WEBSITE TO HELP DISSEMINATE INFORMATION. TIN PROMISED THAT DPI WOULD CONTINUE TO CREATE MORE OPEN CONDITIONS IN HCMC TO ATTRACT AMERICAN INVESTMENT.

16. ASKED IF DIRECTIVE 28 WOULD REQUIRE DPI TO WORK MORE CLOSELY WITH OTHER GOVERNMENTAL AGENCIES, TIN RESPONDED THAT THE HCMC PEOPLE'S COMMITTEE REQUIRED ALL AGENCIES, IN LIGHT OF DIP'S NEW MISSION, TO RESTRUCTURE THEMSELVES AND COOPERATE WITH DPI. TIN STATED THAT REPRESENTATIVES FROM DIFFERENT GOVERNMENTAL AGENCIES MEET WEEKLY TO DISCUSS POTENTIAL PROBLEMS, AND THAT ANY CONFLICTS

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THAT CANNOT BE RESOLVED ARE THEN REFERRED TO THE HCMC PEOPLE'S COMMITTEE FOR RESOLUTION. TIN DECLINED TO CITE ANY SPECIFIC DISAGREEMENTS AMONG GOVERNMENTAL AGENCIES, BUT SUGGESTED THEY RELATED TO HOW TO MAKE DECISIONS ABOUT SPECIFIC PROJECTS. HE ADDED THAT THERE WERE ALWAYS SUCH CONFLICTS, BUT THEIR NUMBER AND SERIOUSNESS HAD DECLINED SINCE GENERAL AGREEMENT HAD BEEN REACHED ON THE NEED TO CREATE BETTER CONDITIONS FOR FOREIGN BUSINESS. DPI'S CLEARER COORDINATING ROLE HAS ALSO HELPED.

17. TIN CLOSED THE 45-MINUTE MEETING BY HANDING OUT DPI'S SLICK NEW ENGLISH-LANGUAGE BROCHURE -- COMPLETE WITH A CD ENTITLED "A CITY OF OPPORTUNITY & PROSPERITY: TEN REASONS WHY HO CHI MINH CITY SHOULD BE YOUR INVESTMENT DESTINATION."

18. NOTE ON DPI: TIN WAS JUST NAMED ACTING DIRECTOR OF DPI AT THE BEGINNING OF OCTOBER, HAVING SERVED AS THE DEPUTY DIRECTOR. DPI TRADITIONALLY IS A VERY POWERFUL BODY. FOR EXAMPLE, IN DECEMBER 1999, NEW PEOPLE'S COMMITTEE OFFICERS WERE SELECTED IN ALL OF VIETNAM'S PROVINCES. OF THE NEWLY-SELECTED PROVINCIAL PEOPLE'S COMMITTEE CHAIRMEN, MORE HAD SERVED AS DIRECTOR OF THEIR RESPECTIVE DPIS JUST PRIOR TO THEIR PROMOTION THAN ANY OTHER DEPARTMENT OR AGENCY. END NOTE.

19. COMMENT: THIS MEETING WAS ONE OF SEVERAL POST HAS HAD RECENTLY TO ASSESS THE LIKELY IMPACT OF DIRECTIVE 28. THE "STREAMLINED" PROCEDURES ARE A POSITIVE STEP, BUT TIN'S COMMENTS SUGGEST DPI IS STILL FEELING ITS WAY. PERHAPS CAUTIOUS BECAUSE OF HIS VERY RECENT APPOINTMENT, TIN SEEMED MORE RIGID, STRAIGHT BY-THE-BOOK, "NOT IN MY JOB DESCRIPTION" THAN OTHER HCMC OFFICIALS WE HAVE MET. DESPITE A SLICK OPENING PRESENTATION, WE EXPECT CONTINUED

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INCREMENTAL PROGRESS -- RATHER THAN A VAST SEA CHANGE -- IN THE CLIMATE FOR DOING BUSINESS IN HCMC. YAMAUCHI

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